SPECIFICATION

Page 4-5, last paragraph on page 4 and first paragraph on Page 5, please replace with the following:

The methods in accordance with the invention differ substantially from other processes available in the commodities and financial markets. Conventional clearinghouses operate through clearing members, and each clearing member operates with its own trading clients. Under this structure, clearing members must provide initial margins upon entering into trades, generally established as a fixed value or a percentage of the value of the trade based on the contract price. Trading firms also implement filters based on a per trade fixed risk calculation or a calculation based on the actual dollar volume of the trade, again, based on the contract price. The methods in accordance with the invention are directed to a credit filter process utilizing a pre-specified VAR calculation based on previously obtained price indices. <u>The pre-specified VAR calculation can be calculated based on a variety of factors such as, a per contact unit, the units of commodity, the units of currency, units of time, a percentage of the index value, a percentage of the contract value or a any combination of the above.</u>

Page 6-7, last paragraph on page 6and first paragraph on Page 7, please replace with the following:

VMAC has developed an system to provide credit limits on notional contract volumes and / or product quantities for contracts it will cover with its credit hedge system between clearing periods of the credit assurance system. <u>In a preferred embodiment, the method of determining whether to allow a new trade includes the following steps. The</u>

value of margin amounts supporting a party's trading is determined. This value is based on the available collateral or credit lines extended between the counterparties. The total value at risk in a portfolio of traded contracts is evaluated and compared to the value of the margin amount to calculate the excess available margin. The excess available margin is the amount of collateral that would be left available if the new trade has been added to the portfolio. The allowable notional trade volume, allowable notional trade quantity and the risk per unit of commodity is then calculated. It is then determined whether the new trade has a value at risk which exceeds the excess available margin. The trade is then approved if it is determined that the value at risk of the new trade does not exceed the excess available margin. The trade is rejected if it is determined that the value at risk of the new trade exceeds the excess available margin.

Page 7, second paragraph, please replace with the following:

The system determines if the value at risk exceeds the excess available margin for anew trade by comparing the value at risk for a unit of the new trade. Units of a new trade can be, for example, the unit quantity of the proposed trade, the dollar value of the proposed trade or the quantity multiplied by an index value This methodology can be applied to any system of contracting between counterparties, be it over an exchange or counterparty to counterparty: